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STATEMENT

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June 1, 2017

FEDERAL ENERGY REGULATORY COMMISSION

STATEMENT

Docket No. CP15-93-000

Joint Statement of Acting Chairman Cheryl A. LaFleur and Commissioner Colette D. Honorable on Tuscarawas River Horizontal Directional Drill - Drilling Fluid Composition

“We are issuing this joint statement to address recent developments related to the construction of the Rover Pipeline Project, and to express our support for recent actions taken by Commission staff.

“On April 15, 2017, Rover Pipeline LLC (Rover) informed Commission staff in the Office of Energy Projects (OEP) that there was an inadvertent release of drilling mud while completing the horizontal directional drilling (HDD) of the Tuscarawas River. As a result, approximately two million gallons of bentonite-based drilling fluid was spilled into a state-designated wetland. On May 10, 2017, Commission staff issued a letter that ordered Rover to cease new horizontal drilling. The letter also directed Rover to obtain a third-party consultant who will work under the direction of Commission staff to evaluate this incident and determine its cause. This consultant will also develop a plan detailing measures that Rover must undertake to prevent events of this type from occurring again.

“Today, Commission staff issued a letter addressing the recent disclosure by the Ohio Environmental Protection Agency (Ohio EPA) to the Commission of test results indicating the presence of diesel fuel in samples of the drilling mud associated with the Rover’s Tuscarawas River HDD. In its certificate application, Rover represented to the Commission that its drilling fluid would be composed of a “slurry made of nontoxic/non-hazardous bentonite clay and water.” The Commission accepted this commitment in its approval of Rover’s certificate. Commission staff informed Rover in writing that staff would be in close coordination with the Ohio EPA to identify and direct all necessary remediation to ensure that Rover minimizes, to the greatest extent possible, the environmental harm caused by the introduction of diesel fuel into the drilling mud. The letter also notes that OEP staff have referred this matter to the Commission’s Office of Enforcement (OE) for further investigation.

“We are troubled by the Tuscarawas River HDD spill and the indications that diesel fuel is present in the drilling mud utilized for the Tuscarawas River HDD. Although we have no reason at this point to believe the release represents an imminent threat to human health or the environment, this incident raises concerns about potential long-term environmental impacts, including impacts on sensitive wetlands in Ohio. Moreover, the presence of diesel fuel in the drilling mud is inconsistent with the commitments made by Rover on which the Commission relied to certificate its project. We fully support the action of OEP and OE staff to address and investigate these issues.

“Under the Natural Gas Act, interstate natural gas pipelines cannot be constructed or operated without a certificate of public convenience and necessity issued by the Commission. In determining whether a project is in the public interest, the Commission evaluates a number of factors set forth in a pipeline application, including the environmental impact of the proposed project. In this case, the Commission evaluated the potential environmental impact of the Rover Pipeline Project and concluded that “if constructed and operated in accordance with applicable laws and regulations, the projects will result in some adverse and significant environmental impacts, but these impacts will be reduced to acceptable levels with the implementation of the applicants’ proposed mitigation and staff’s recommendations, now adopted as conditions....” Thus, our approval of Rover’s certificate is conditioned on the satisfaction of a crucial set of requirements that are intended to minimize the environmental impact of the project.

“All certificate holders, including Rover, are obligated to satisfy the requirements set forth in their certificate orders. It is essential that developers abide by their commitments to ensure that environmental impacts are minimized. The



Commission's ability to rely on representations made before us that developers will follow certificate conditions is critical to our determinations regarding whether projects are in the public interest. If we learn that a developer is acting inconsistently with the terms of its certificate, it is incumbent upon the Commission and its staff to act to enforce those terms. Going forward, we expect that Rover will act consistently with its commitments in the certificate order and will undertake the future actions directed by Commission staff to mitigate the potential impacts caused by any introduction of diesel fuel into its drilling mud, however it might have occurred. We also expect Rover to immediately and fully cooperate with our staff, including, but not limited to, OEP and OE.

"Finally, we recognize that Rover will need a number of additional authorizations as the Rover Pipeline Project moves forward. With the assistance of OEP and OE staff, we will continue to closely monitor its progress to ensure that Rover follows the terms of its certificate."